

In today's world of ever-changing technology, it is often difficult to keep your head above water. For example, despite the far-reaching implications, many CEOs, CFOs, and other stakeholders are still unfamiliar with the basics about XBRL. For companies with US jurisdiction, the SEC mandate is looming and XBRL has the very real potential of turning worlds upside down. Organizations that remain ignorant to the implications of XBRL will be caught flatfooted by a fundamental and sweeping change which could severely threaten their viability. While the risks of inaction are certainly real, there is also a substantial upside to XBRL adoption. XBRL has the promise of transforming manual and inefficient filing and other information-intensive processes into automated and streamlined process flows that save time, money, and reduce risk.

The trouble is that XBRL resources today are too technical, convoluted, and confusing. The following guide will help you make sense of the new world of XBRL in a relatively nontechnical way. Do not get left behind; be prepared and learn about how XBRL will change the world of business reporting.

What is XBRL?

The four letters X-B-R-L strike fear in those who do not understand its future implications. XBRL is an exciting technology that strives to provide a more streamlined information flow in accounting and business lifecycles. It is therefore critical to understand the technology from a broader perspective. After all, XBRL is the future of business reporting.

XBRL (Extensible Business Reporting Language) is an XML-based open standard financial and business reporting language. XBRL was first conceived in 1998 as a way to use XML for the electronic reporting of financial information. XBRL enables the tagging or defining of specific information within a document. With XBRL, financial statements have internal tags defining specific terms such as gross profit, net asset value, and total revenue to name a few. Textual information can also be tagged giving it meaning and the ability to be compared to documents defined in the same way.

XBRL provides a more consistent and stable flow of information relating to how business information is filed, reported, consumed, shared, disseminated, and managed within internal business processes. ■

Over 40 companies, with a market value of over \$2 trillion are currently reporting to the SEC using XBRL. Each company is participating in the SEC's Voluntary Filing Program designed to help streamline the future reporting of interactive data (aka XBRL) submissions.

If you think XBRL is inconsequential, think again. XBRL is here and it is time to take action. Do you want to be left behind after the XBRL wave hits?

Basic XBRL Vocabulary

A key part of learning is having the basic context and vocabulary to ask questions and sustain a basic conversation. The following are the four basic definitions you need to understand:

- 1. XBRL** (Extensible Business Reporting Language) refers to the language used to describe business data. This gives you the language needed to make your static documents dynamic. All of the data can now be defined, giving users a more accurate, consistent, and accessible document.
- 2. Taxonomy** can be thought of as a dictionary that contains definitions which are technically referred to as metadata. For example there are predefined accounting taxonomies that enable accountants to define numerical data within financial reports. This enables accountants to define their financial data in a consistent manner allowing the sharing and comparing of data within or across any jurisdiction.
- 3. Metadata** is a semantic definition applied to a specific piece of data. Metadata definitions are contained within taxonomies. This allows you to apply specific definitions to any piece of information within your document. Metadata enables the creation of documents with in-depth contextual meanings, which is the true power of XBRL. Suddenly, convoluted and obfuscated information is rich with meaning that can be easily understood, interpreted, and compared.
- 4. Tagging** is the application of metadata to a number or section of text within a document. Tagging gives you the power to choose what metadata you will apply to specific pieces of information within a document.

Of course, there is far more vocabulary on the subject of XBRL. But at this stage, understanding the broader picture is most important. ■

XBRL is being developed by a nonprofit consortium backed by organizations, major companies, and various government agencies throughout the world.

The phrase “Interactive Data” was coined by Christopher Cox, Chairman of the U.S. Securities and Exchange Commission (SEC), as a way to make XBRL sound less daunting.

How will XBRL Impact my Business?

XBRL will influence and change business in the areas of regulatory filing, the consumption and analysis of information, financial reporting, communicating with stakeholders, and managing internal business processes. Expect XBRL to impact your organization in any of these five ways:

1. Submitting Regulatory Filings

In many jurisdictions including the U.S. SEC (United States Securities and Exchange Commission), reporting in XBRL will be mandatory. Whether you work in a publically traded company or are an investor in the stock market, XBRL will change the way business information is filed and delivered. The problem today is that the majority of documents filed with the SEC are submitted in ASCII (plain text) or HTML (web page) formats. The obvious problem is that this information is monolithic and thus more difficult to manage than a tagged XBRL document. The unfortunate thing is that much of this critical business information is becoming useless, as there is really no way to find and compare the information you need without reading through every line, paragraph, row, and column. Static information has no internal definitions or context.

The use of XBRL documents will bring documents to life by providing individuals consistent and contextually rich dynamic documents. Companies will be able to share information without having to re-key data for sharing amongst various departments, individuals, software applications, and various IT systems.

XBRL provides a document the structure and the flexibility to share data for submission, dissemination, and consumption. This ensures that all of the XBRL content used throughout the filing and submission lifecycle is 100% accurate and consistent due to the fact all of the XBRL information is a direct representation of the original data produced by the company or organization. The sharing and compilation of financial data alone will change the way information is utilized within an organization. Analysts will be able to spend minutes instead of hours comparing companies using XBRL data as every component of an annual report for example will be tagged with XBRL

definitions (metadata), and comparable in the same way. As such, you will be able to pull and compare information with the click of a button. Companies will no longer be able to hide behind walls of static information—or even clever footnotes disclaiming the meaning of the financial data investors and other stakeholders rely upon. A new era of clarity, accuracy, consistency, and efficiency is on the horizon.

2. Consuming and Analyzing Financial Information

The problem with consuming and analyzing monolithic information is that it takes excessive amounts of time to find the information you are looking for. Businesses acquire massive amounts of data. This mountain of information consists of vast amounts of textual and numerical information. The only way to find the specific information you are looking for is to read through all of the documentation. This is a laborious and inefficient use of time and it leads to market risks and missed opportunities.

Christopher Cox, Chairman of the U.S. Securities and Exchange Commission (SEC), is expected to mandate an XBRL proposed rule sometime in 2008. Financial reporting will change forever. Are you prepared? The new rule will most likely be a partial XBRL requirement for the larger companies to tag their financials in XBRL. This is the first step to achieving complete XBRL based filing requirements.

Imagine a world where all of your business information is in XBRL. Everything in your document is defined and has meaning. Information can be searched, analyzed and compared with the touch of a button and the help of XBRL analysis tools. Opening

the door to your company's information will inevitably increase productivity, streamline the internal workflow, improve management of internal content, and increase stakeholder trust and transparency.

3. Financial Reporting

The way financial information is managed today is time consuming and often frustrating. Imagine being an accountant who would like to transfer data between different accounting software platforms. The problem is this transfer of information would involve re-keying, as each program would interpret the numbers in different ways. XBRL solves this problem by having predefined tagged content that would enable the flow of information to be moved from one platform to another without any re-keying of financial data. The re-keying of financial data can also cause unintentional human errors and possibly impact the accuracy of critical financial information.

The incorporation of XBRL technology will save time and money for anyone involved in the reporting workflow. Accountants can focus on higher value analysis, rather than low value re-keying of information, saving companies time and money and eliminating the risk of human error. Financial information represented using XBRL will open a whole new world as accountants can now focus on the content of their financials without worrying about the laborious task of inputting or re-keying information.

XBRL will improve the accuracy and transparency of financial data due to the automatic internal validation of information. All financial data in XBRL is validated before the documents are produced. More importantly, definitions (metadata) within taxonomies are now uniform. Footnotes within documents can no longer be used to confuse or mislead investors. The playing field is now balanced. A more transparent, fluid, consistent, and accurate world of accounting is just around the corner and XBRL is the solution.

4. Communicating with Stakeholders

Making sound investment decisions using today's static company information makes the process of analyzing data slow, tedious and in some cases inaccurate. Analysts and investors alike require the dissemination of information to be fast, and the accuracy of the information to be reliable and searchable. Today's analysts and data aggregators are left with the daunting task of sifting through massive amounts of

information to provide a snapshot of the market at a specific time. Analysts take hours looking through and comparing financials of various companies in order to come to a decision, while data aggregators are forced to decide what should be presented and disseminated to the investment community. There are many human decisions that take place during this process which in turn affects the accuracy and speed in which information is communicated to various stakeholders.

The solution to the problem is converting all of the investment information into XBRL. The world of interactive data will therefore change the way information is created, disseminated, collaborated upon, and shared within the investment community.

Once XBRL is implemented, the communication between company and stakeholder changes dramatically. The speed with which financials are created is increased due to a better flowing stream of data between various departments. The extraction and analysis of data becomes

more accurate due to the fact the information presented has never been re-keyed. The flow of financial data can now move freely between the various components of the information supply chain. Companies, accountants, lawyers, directors, data aggregators, and the investment community all have access to the same core information provided by XBRL technology.

5. Managing Internal Business Processes

In today's business environment, it is difficult to fully comprehend the future implications of XBRL related to current internal business processes. Many people forget that there is an excessive amount of time spent within organizations simply on the task of managing information. If, for example, you had some financial information generated in one accounting platform and wanted to share that information with another platform, there would be time spent re-keying information and checking the exported result for accuracy. This takes time and in turn costs the company money.

Imagine a world where financials are generated in XBRL. Each number is defined, all textual information or references have context. The financials themselves are validated within the XBRL process producing an accurate, accessible, and comparable document that is consumable by any software application that is able to interpret XBRL data.

The document becomes fluid and accessible across various software applications due to the fact the inherent structure and meaning of the document remains accessible and predefined, irrespective of the viewing platform. Imagine fifty different departments contributing financial data and attempting to incorporate that information into one document. The process becomes a logistical nightmare. The introduction of XBRL introduces a standard set of rules shared by everyone so that all of the information is predefined and structured in a way that everyone has equal access to any department within an organization. ■

WHAT DOES XBRL MEAN TO ME?

XBRL WILL IMPACT ALL FACETS OF BUSINESS:

As a Regulatory Filer:

Impact of XBRL: XBRL will change the way you currently file documents. XBRL will force you to submit XBRL tagged financials to the Securities and Exchange Commission. The XBRL mandate is expected by the end of 2008. The XBRL mandate will forever change the way you file documents with the SEC.

Action: It critical for you to start looking into the availability of XBRL tools required for the upcoming XBRL SEC mandate. Implement a plan of action and learn everything you can about XBRL and the availability of regulatory filing software tools.

Solution: JustSystems' xfy Regulatory Filing Solution – designed for companies that will soon be required to submit XBRL tagged financials to the Securities and Exchange Commission.

As a Financial Analyst:

Impact of XBRL: The market value of basic quantitative financial information will be dramatically reduced due to the open availability of XBRL information.

Action: Focus on providing a more in-depth analysis of qualitative financial information.

Solution: xfy Financial Analysis Solution is designed for enterprise-level financial and investment research firms and banks focused in equity, derivatives, trading, credit, mortgage, and investment banking.

As an Investor:

Impact of XBRL: XBRL will provide you with a dynamic information flow of financial information. The data will be pulled from the source XBRL document originally filed with the regulatory body. You will no longer have to go through a data aggregation source to obtain financial information.

Action: You will now have to focus on finding the right tools to interpret the XBRL data. Now that all of the XBRL content is freely available, new XBRL front-end software tools will be able to provide you with specific financial information relevant to your investment needs.

Solution: JustSystems' xfy Financial Analysis Solution provides a window into the world of dynamic financial information.

As an Accountant:

Impact of XBRL: XBRL will directly impact the way you currently prepare financial statements if you will be filing with a regulatory body requiring XBRL submissions. The introduction of XBRL-based GAAP taxonomies will force you to learn how to tag financial data within the predefined semantic structure. The good news is re-keying financial data will be a thing of the past. XBRL enabled software will be able to interpret any XBRL data across any platform as each rendering of financial statements will be consistent thanks to XBRL.

Action: Take some time and look into what definitions (aka metadata) are contained within the XBRL-based GAAP taxonomies. You should also look into finding an XBRL software solution that enables you to tag and submit financial information.

Solution: JustSystems' xfy Regulatory Filing Solution – designed for companies that will soon be required to submit XBRL tagged financials to the Securities and Exchange Commission.

As a Securities Lawyer:

Impact of XBRL: In the near future, you will have to tag textual information when complete XBRL submissions are mandated. Even though this year's expected mandate will most likely focus on only XBRL tagged financials, the future of XBRL filing will be complete XBRL tagging of both financials and textual content.

Action: Watch out for upcoming mandates and make sure you are prepared for mandates relating to the tagging of textual information. Invest some time to look into what tools are available for you to make the transition to XBRL reporting.

Solution: JustSystems' xfy Regulatory Filing Solution – designed for companies that will soon be required to submit XBRL tagged financials to the Securities and Exchange Commission.

XBRL is only for SEC filings so I have nothing to worry about. Is this true?

Wrong. Here is a list of but a few already involved in XBRL initiatives and technology:

- Federal Deposit Insurance Corporation (FDIC)
- Bank of Spain
- Xinhua Finance (China)
- Eurostat
- Bank of Japan
- The Tokyo Stock Exchange
- Shanghai Stock Exchange
- German Stock Exchange
- Danish Commerce and Companies Agency
- Dutch Water Boards
- Tax Authority of Japan
- UK Inland Revenue

**XBRL
IS HERE!**

Conclusion

What could go wrong if I decide to ignore the coming of XBRL?

The truth is XBRL will be mandated, if it hasn't already been made compulsory in your jurisdiction. This is not only a concern for companies who file with the SEC. It is not a good idea to lag behind others already embracing XBRL methodologies. Ignoring XBRL could jeopardize the future of running your business efficiently.

If you decide to keep doing business using the same old technology, more specifically proprietary and legacy techniques, the support for your current infrastructure will diminish.

If you adopt XBRL, analysts and investors will know you are concerned about the reporting of accurate and transparent financial data. Analysts will embrace the adoption and use of XBRL as it makes their job easier. XBRL content is more accurate and conducive to analysis.

The new reporting standard may also keep executives out of jail, as they are less likely to (knowingly or unknowingly) provide misleading information to stakeholders.

Do not wait until there is a jurisdictional XBRL mandate under enforcement before taking the time to understand the tools and technology required for a complete understanding of the XBRL landscape.

Have you and your organization taken into consideration the following questions?

- Has anyone within your organization taken the time to develop a basic XBRL plan of action?

Take a few minutes and speak to some of your colleagues. There may already be a group of people addressing the issue of XBRL and the pending SEC mandate. If you are the only individual with XBRL knowledge, take some time and share your information amongst your colleagues.

- Have you taken some time to consult various XBRL industry groups?

The following URLs provide a more in-depth look at XBRL.

XBRL International
www.xbrl.org/

XBRL US
www.xbrl.org/us/

U.S. Securities and Exchange Commission
www.sec.gov/spotlight/xbrl.htm/

International Accounting Standards Committee (IASC)
www.iasb.org/Home.htm

JustSystems
<http://na.justsystems.com/xbrl>

- Have you contacted a trusted advisor within the XBRL community?

JustSystems is an active contributor in XBRL technical work groups, and continues to sponsor and promote the XBRL standard globally.

<http://na.justsystems.com/content.php?page=about-contact-us>

- Are you ready to implement your plan of action?

Make a small investment to get into the game. Begin the early pilot phase of implementation and get some experience working with XBRL and enabling technologies.

The final countdown to an enforced mandate has begun and soon XBRL will not be optional.

If you have any further questions concerning XBRL, or if you are looking for a software solution to help you make an easy transition into the world of XBRL, contact:

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